NEW APPLICATION

Morenci Water & Electric Co.

P.O. Box 68 Morenci, AZ 85540 Telephone (520) 865-2229 Fax (520) 865-5261



AZ CORF BOURISSION

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DOCUMENT CONTROL

Docket Control Center Arizona Corporation Commission Utilities Division 1200 West Washington Phoenix, AZ 85007-2996

E-01049A-01-0271

RE: Proposed tariff for Environmental Portfolio Surcharge

Dear Commission Member or Staff:

Alephon Elmo

The attached tariff rate sheet in response to Docket No. 00000C-00-0377 Environmental Portfolio Surcharge.

Morenci Water & Electric will need 60 days to implement this tariff into our billing system following the approval of the tariff rate sheet.

Please let me know if you have any questions or comments.

Sincerely,

Stephen Elms

Planner

SRE/dje Enclosure

Xc: M. Patton w/encl.

C. Lee w/encl.

R. Reed w/encl.

D. True w/encl.

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APPLICABILITY

The Environmental Portfolio Surcharge (EPS) applies to all customers in the territory served by Morenci Water & Electric Company as mandated by the Arizona Corporation Commission.

SURCHARGE

The Environmental Portfolio Surcharge shall be applied to all monthly net bills at the following rates:

All kWh

\$0.000875 per kWh

SURCHARGE LIMITS

The monthly total Environmental Portfolio Surcharge shall not exceed the following limits:

Residential Customers	\$0.35	per service

Non-Residential Customers \$13.00 per service

Non-Residential Customers with

Demand of 3,000 kW or higher per
month for three consecutive months

\$39.00 per service

• The EPS will not be assessed to reactive meters or accumulators.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The Standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

The customer's bill shall reflect this surcharge as a line entitled: "Environmental Portfolio Surcharge, mandated by the Corporation Commission".